

# **PUBLIC DISCLOSURE**

**July 19, 2011**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**AMALGAMATED BANK  
00622**

**275 Seventh Avenue  
New York, New York 10001**

**Federal Deposit Insurance Corporation  
350 Fifth Avenue – Suite 1200  
New York, New York 10118**

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## TABLE OF CONTENTS

I.	General Information.....	1
II.	Institution Rating	
a.	Overall Rating.....	2
b.	Summary of Major Factors Supporting Rating.....	2
c.	Lending, Investment, and Service Test Table.....	3
d.	Description of Institution.....	4
e.	Conclusions with Respect to Performance Tests .....	6
III.	Multi-state Metropolitan Area	
a.	New York-Northern New Jersey-Long Island, NY-NJ MSA #35620	
i.	Multi-State Rating.....	15
ii.	Scope of Examination.....	15
iii.	Description of Operations .....	18
iv.	Conclusions with Respect to Performance Tests .....	18
b.	Washington-Arlington-Alexandria DC-VA-MD-WV MD#47900	
i.	Multi-State Rating.....	31
ii.	Scope of Examination.....	31
iii.	Description of Operations .....	33
iv.	Conclusions with Respect to Performance Tests .....	33
IV.	State	
a.	Nevada	
i.	State Rating.....	37
ii.	Scope of Examination.....	37
iii.	Description of Operations .....	38
iv.	Conclusions with Respect to Performance Tests .....	39
b.	California	
i.	State Rating.....	44
ii.	Scope of Examination.....	44
iii.	Description of Operations .....	45
iv.	Conclusions with Respect to Performance Tests .....	46
V.	Appendix	
a.	Scope of Examination.....	50
b.	Summary of State and Multi-state Metropolitan Area Ratings.....	51
c.	General Definitions.....	52
d.	Investment Definitions.....	55
e.	Standard PE Language.....	57

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Amalgamated Bank**, prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **July 19, 2011**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

## INSTITUTION RATING

***INSTITUTION'S CRA RATING:*** This institution is rated **Satisfactory**.

A CRA rating of “Satisfactory” is assigned. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Overall, Amalgamated Bank demonstrated an adequate responsiveness to the credit needs of its assessment areas. Greater weight was placed on the institution’s performance in the New York/New Jersey Multistate assessment area when arriving at overall conclusions, as the bank has the most significant presence in this area. Despite the overall “Satisfactory” rating, the bank was assigned “Needs to Improve” ratings in the Washington, DC Multistate; Nevada, and California assessment areas. An analysis of activities in those states revealed low levels of lending in low- and moderate-income areas and to low- and moderate-income borrowers. Overall, limited levels of community development activities were noted in these assessment areas. The rating is supported by the following.

### **Lending Test**

The institution’s community development lending levels and flexible and innovative loan programs were given more weight when arriving at the overall Lending Test rating. Given the institution’s performance context, lending levels reflect adequate responsiveness to the credit needs of its assessment areas. A high percentage of loans were made within the assessment areas during the period reviewed. The geographic and borrower distributions of loans were determined to be adequate. Amalgamated Bank makes use of innovative or flexible lending products and practices in order to meet its assessment areas credit needs. Overall, the bank is a leader in extending community development loans. During the period reviewed, the bank made 71 community development loans totaling \$248.9 million. The dollar volume of community development loans represents a significant increase from the \$126.0 million at the previous performance evaluation.

### **Investment Test**

Amalgamated Bank has an adequate level of qualified community development investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Outstanding qualified investments and grants total \$25.9 million, comprised of \$7.8 million in new investments and grants and \$18.1 million from the prior period.

## Service Test

Amalgamated Bank provides a relatively high level of retail banking and community development services. Retail banking services are reasonably accessible to essentially all segments of its assessment area, including low- and moderate-income geographies. Accessibility of products and services is slightly increased through online and telephone banking systems, the automated teller machine (ATM) network, and extended branch hours. The bank provides a high level of community development services. For example, the bank organizes and participates in workshops, expositions, and other programs that provide education and community development services to the residents of its assessment areas, particularly the low- and moderate-income population.

## LENDING, INVESTMENT, AND SERVICE TEST TABLE:

*The following table indicates the performance level of Amalgamated Bank with respect to the lending, investment, and service tests.*

PERFORMANCE LEVELS	AMALGAMATED BANK		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

*\* Note: The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

## **DESCRIPTION OF INSTITUTION:**

Amalgamated Bank, headquartered in New York, New York, was established in 1923 and is the only fully union-owned U.S. bank still in operation. The bank is wholly-owned by UNITE HERE, also located in New York, New York.

Originally chartered by the Amalgamated Clothing Workers of America Union (ACWA), the bank's mission was to provide affordable banking services to working men and women. In 1995, the Amalgamated Clothing & Textile Workers Union and the International Ladies Garment Workers Union merged in order to form the Union of Needletrades, Industrial and Textile Employees (UNITE!). In 2004, UNITE! and the Hotel Employees and Restaurant Employees International Union (HERE) merged to become UNITE HERE. Currently, Amalgamated Bank operates 27 branches which include 20 branches in New York, 4 branches in Nevada, 1 branch in New Jersey, 1 branch in California, and 1 branch in Washington, DC.; the institution also operates 58 ATMs.

The bank provides a wide range of financial products and services to retail and commercial customers. Product offerings include: consumer and business deposit accounts, and consumer and commercial loans. Investment and insurance products are offered through Amalgamated Investment Services. Services offered include online banking with bill pay, direct deposit, remote deposit, and telephone banking.

Amalgamated Bank maintains a Community Development Group, which makes loans and grants, and provides the Money Sense financial education programs to individuals, unions, non-profit organizations, community-based organizations and developers of affordable housing and other community facilities that benefit low and moderate-income individuals.

As of March 31, 2011, the bank reported total assets of \$4.5 billion, which included \$2.3 billion or 51.1 percent in net loans and \$406.3 million or 8.9 percent in securities. Amalgamated Bank reported total deposits of \$2.9 billion, with core deposits representing 86.2 percent of total deposits. The institution is primarily a real estate secured lender as real estate secured loans represent 75.8 percent of the loan portfolio. Table 1 illustrates the composition of the bank's loan portfolio.

<b>Table 1 – Loan Distribution as of March 31, 2011</b>		
<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans (%)</b>
Construction and Land Development	101,588	4.4
Secured by Farmland	0	0.0
1-4 Family Residential	681,289	29.7
Multi-Family (5 or more) Residential	422,482	18.4
Commercial	535,082	23.3
<b>Total Real Estate Loans</b>	<b>1,740,441</b>	<b>75.8</b>
Commercial and Industrial	561,245	24.4
Agricultural	0	0.0
Consumer	4,008	0.2
Other	0	0.0
Less: Unearned Income	(8,470)	(0.4)
<b>Total Loans</b>	<b>2,297,224</b>	<b>100.0</b>

Source: Report of Condition 03/31/2011

There do not appear to be any legal impediments that would impact the bank's ability to meet the credit needs of the assessment areas; however, some financial impediments exist. The bank experienced a net loss of almost \$1.2 million in 2010, resulting in a return on average assets (ROAA) of (0.03 percent). The first quarter of 2011 reflected a net loss of \$3.7 million, which equates to a ROAA of (0.33) percent.

Amalgamated Bank received a CRA rating of "Satisfactory" during the December 6, 2007 FDIC evaluation. The previous rating was assigned based upon the bank's performance using "Large Bank" evaluation procedures, which include the Lending, Investment, and Service Tests. A review of FDIC records, as well as the bank's CRA Public File, did not reveal any complaints regarding the bank's CRA performance since the last evaluation.

## **SCOPE OF EXAMINATION**

CRA performance was evaluated using “Large Bank” examination procedures, which include a Lending, Investment, and Service Test. The evaluation period covered January 1, 2009 through December 31, 2010 for loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) and CRA. The review period for community development loans, investment and services was December 6, 2007 to July 19, 2011. Small farm loans were not included in the analysis, as no small farm loans were originated between evaluations. Additionally, as consumer lending does not comprise a significant portion of the bank’s portfolio; consumer loans were not reviewed or included within this evaluation.

Amalgamated Bank operates in four assessment areas. The relative significance of the bank’s operations in each assessment area is taken into consideration in the overall ratings and conclusions.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

Amalgamated Bank maintains four assessment areas, the New York/New Jersey Multistate; Washington, DC Multistate; Nevada, and California. The following is a discussion of the bank’s overall performance. A detailed discussion and analysis for each of the assessment areas are then presented separately.

## **LENDING TEST**

### **Scope of Test**

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Home mortgage lending, including multi-family housing, was given more weight than small business lending when determining the Lending Test rating given the larger number and dollar volume of home mortgage loans originated during the review period.



## Lending Activity

Overall, lending levels reflect an adequate responsiveness and willingness to meet the credit needs of the assessment areas. Total loans increased between evaluations from \$2.1 billion as of December 31, 2007 to \$2.3 billion as of March 31, 2011. The increase is primarily attributed to growth in loans secured by multi-family residential real estate, which increased from \$99.8 million to \$422.5 million during the same time period. While multi-family lending increased, loans secured by 1-4 family residential real estate declined; the dollar volume of 1-4 family residential real estate loans declined from \$1.2 billion as of December 31, 2007 to \$681.3 million as of March 31, 2011.

The decline in 1-4 family lending is the result of several factors, namely, operating in a competitive environment for quality loans. In addition, the bank experienced a high level of turnover, which has taken time to hire and train loan officers needed to increase the loan portfolio. Going forward, management intends to focus on increasing lending in all branches, with continued focus on multi-family housing loans.

## Assessment Area Concentration

A high percentage of loans are originated within the bank's assessment areas. Overall, 86.2 and 87.3 percent of the number and dollar volume of loan originations, respectively, were made in the assessment areas. The distribution of loans reviewed during the evaluation period is shown in Table 2.

<b>Table 2 – Distribution of Loans Inside and Outside of the Assessment Area</b>										
<b>Loan Type</b>	<b>Number of Loans</b>					<b>Dollars in Loans (000s)</b>				
	<b>Inside</b>		<b>Outside</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2009	12	100.0	0	0.0	12	2,180	100.0	0	0.0	2,180
2010	31	96.9	1	3.1	32	7,831	98.8	99	1.2	7,930
Subtotal	43	97.7	1	2.3	44	10,011	99.0	99	1.0	10,110
Multi-Family										
2009	7	100.0	0	0.0	7	4,850	100.0	0	0.0	4,850
2010	35	81.4	8	18.6	43	152,049	87.8	21,119	12.2	173,168
Subtotal	42	84.0	8	16.0	50	156,899	88.1	21,119	11.9	178,018
Small Business										
2009	4	100.0	0	0.00	4	325	100.0	0	0.0	325
2010	11	61.1	7	38.9	18	4,050	52.9	3,611	47.1	7,661
Subtotal	15	68.2	7	31.8	22	4,375	54.8	3,611	45.2	7,986
<b>Total</b>	<b>100</b>	<b>86.2</b>	<b>16</b>	<b>13.8</b>	<b>116</b>	<b>171,285</b>	<b>87.3</b>	<b>24,829</b>	<b>12.7</b>	<b>196,114</b>

Source: HMDA LARs (2009, 2010), CRA Data Collection Reports (2009, 2010)

## **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration throughout the assessment areas, given the bank's performance context. As noted previously, the bank's residential real estate lending activities received more weight in the determination of the overall performance as did lending within the New York/New Jersey Multistate assessment area. Please refer to the Geographic Distribution comments within each assessment area for detailed discussions of the bank's performance.

## **Borrower Profile**

The distribution of home mortgage and small business loans reflects adequate penetration among retail customers of different income levels and among businesses of varying sizes, given the performance context. Please refer to the Borrower Profile comments within each assessment area for detailed discussions of the bank's performance within each specific assessment area.

## **Community Development Lending**

A community development loan is a loan that has as its primary purpose community development. The loan cannot be reported nor collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family loan. Additionally, the loan must benefit the assessment area or a broader statewide or regional area that includes the bank's assessment area. The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

The institution is a leader in making community development loans. During the evaluation period, Amalgamated Bank made 71 community development loans and commitments totaling \$248.9 million, representing 10.8 percent of total loans and 5.5 percent of total assets as of March 31, 2011. Community development lending has almost doubled between performance evaluations, from \$126.7 million at the prior evaluation to \$248.9 million. The distribution of community development loans is shown in Table 3.

<b>Table 3 - Community Development Loans by Category</b>		
	<b>Number of Loans</b>	<b>Millions</b>
Provides affordable housing through the Mitchell-Lama (affordable housing) and/or Housing Loan Program*	8	\$14.3
Provides affordable housing	28	\$85.8
Provides services, medical or housing to the needy, including the disabled, elderly and homeless	23	\$78.9
Helps stabilize or revitalize a low-and moderate-income areas through redevelopment of retail space. Provides jobs in low- and moderate-income communities or services to low- and moderate income individuals	12	\$69.9
<b>Total</b>	<b>71</b>	<b>\$248.9</b>

Source: Bank records. \*The Mitchell-Lama Housing Program and the Housing Loan Program are detailed under Innovative and Flexible Lending Products.

Please refer to the Community Development Lending comments within each assessment area for detailed discussions of the bank's performance.

### **Innovative or Flexible Lending Practices**

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low-and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

Amalgamated Bank makes use of innovated and/or flexible lending practices to meet the credit needs of the community. Most of these lending practices are focused in the bank's New York/New Jersey Multistate assessment area and will be discussed in detail in that section. Following are examples:

- **Housing Loan Program** - The Housing Loan Program is geared to government supervised multi-family housing companies, which provide housing to low- and moderate-income families. The program is also available to housing developments and cooperatives that are not under direct government supervision. The bank originated 18 loans totaling \$13.4 million through this program between evaluations. The program is available in the New York/New Jersey Multistate area.
- **Mitchell-Lama Housing Program** – Created in 1955, the Mitchell-Lama Program, encourages and facilitates the construction and continued operation of affordable rental and cooperative housing in the State of New York. The bank funded nine loans under this program totaling approximately \$16.0 million.

- New York Energy Smart Loan Fund Program (NYSERDA) - NYSERDA offers reduced interest rate loans for energy efficient improvements in the New York area. The bank originated 12 loans totaling \$7.2 million since the previous evaluation.
- The Mutual Housing Association of New York (MHANY) - MHANY is a diversified nonprofit housing development corporation serving New York. The program is designed to provide mortgage financing to low-income first-time homebuyers. The bank originated three loans totaling \$1.1 million during the review period.
- Small Business Express Loan – This product is designed for small businesses and is available bank-wide. Businesses can qualify for acquisition of fixed assets or leasehold improvement loans between \$5,000 and \$25,000 without qualifying under the bank's normal commercial credit criteria. The product has a more stream-lined application process and applicants may experience a faster approval time. Loan requests under \$5,000 are considered as personal, unsecured loans. To date, two loans totaling \$16,814 have been funded under this program.

## **INVESTMENT TEST**

### **Scope of Test**

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

Amalgamated Bank has an adequate level of qualified community development investments and grants in its assessment areas, although rarely in a leadership position, particularly those not routinely provided by private investors. The bank's community development investments and qualified grants were distributed throughout its assessment areas.

New and prior period investments, and community development grants and donations total approximately \$25.9 million, representing 0.6 percent of total assets, 9.4 percent of total equity capital, and 6.4 percent of total securities as of March 31, 2011. Approximately \$7.8 million, or 30.1 percent, of the total qualified community development investments represent new money. The \$7.8 million consists of approximately \$7.2 million in investments and \$531,479 in grants and donations.

Please refer to the Investment Test comments within each assessment area for detailed discussions of the bank's performance within each respective assessment area.

## **SERVICE TEST**

### **Scope of Test**

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

Amalgamated Bank provides a relatively high level of support to its communities. Retail banking services are reasonably accessible to essentially all segments of its assessment areas, including low- and moderate-income geographies. Through the online banking and telephone banking systems, the ATM network, and the extended branch hours, the bank has further increased the accessibility of its products and services. Participation by bank employees in local community development organizations is good; bank employees provide technical assistance and financial expertise to community development organizations to assist them in achieving their goals. Please refer to the Service Test comments within each assessment area for detailed discussions of the bank's performance.

### **Retail Banking Services**

#### **Accessibility of Delivery Systems**

Bank branches and ATMs are accessible to essentially all segments of the institution's assessment areas. Table 4 illustrates the distribution of branches and ATMs among the combined assessment areas various census tract income levels. The distribution of the bank's 27 branches and 58 ATMs is comparable to demographic data.

<b>Table 4 - Distribution of Bank Offices and ATMs by Income Category of the Census Tract</b>						
<b>Census Tract Income Category</b>	<b>Census Tracts in Assessment Area</b>		<b>Bank Offices by Tract Location</b>		<b>ATMs by Tract Location</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	673	10.4	3	11.1	6	10.4
Moderate	1,674	26.0	7	25.9	14	24.1
Middle	1,978	30.7	6	22.2	12	20.7
Upper	2,019	31.3	10	37.1	22	37.9
NA	100	1.6	1	3.7	4	6.9
<b>Total</b>	<b>6,444</b>	<b>100</b>	<b>27</b>	<b>100</b>	<b>58</b>	<b>100</b>

*Source: 2000 U.S. Census and Bank records*

The bank's mission is to serve the labor unions and their members, working people, and the small business community. Establishing branches in areas with high union populations helps the bank meet its mission. Since the last examination, the number of branches increased from 13 to 27 and the number of ATMs increased from 46 to 58. This resulted in improving the accessibility of branches and ATMs in the low- and moderate-income geographies particularly in the New York/New Jersey Multistate assessment area.

### **Alternative Delivery Systems**

Amalgamated Bank offers an array of deposit and credit products through various delivery systems. These delivery systems provide customers, including low- and moderate-income families, an effective method to access account information and obtain information on the bank's services.

The bank operates an ATM at each branch office; with the exception of three ATMs located inside supermarkets in the Las Vegas area, all branches offer 24-hour ATM service, 7 days a week. ATM cardholders can use machines affiliated with numerous networks such as STAR, MasterCard, CIRRUS, PLUS, American Express, Discover/Novus, QUEST, NYCE, VISA, MAESTRO, The Exchange, and Allpoint. The Allpoint ATM network allows cardholders to access ATMs nationwide with no surcharge. Cash Plus debit cards can be used to conduct point-of-sale purchases at any establishment displaying the MasterCard logo. The City of New York distributes welfare payments and food stamp benefits through a stored value card, which utilizes the QUEST network. Participants in the program are able to receive benefits through the bank's ATMs with no surcharge.

Bank-by-Phone also offers customers 24-hour account access. Customers with touch-tone telephones can obtain account information, rate information, transfer funds between accounts, and make loan payments. A toll-free number for consumers can be used to apply for installment loans. "AB Access," a personal computer software system is offered to commercial customers and nursing home residents for conducting banking activities.

Customers are provided 24-hour access to their accounts through the bank's internet address at [www.amalgamatedbank.com](http://www.amalgamatedbank.com). The website offers informational as well as transactional services, including bill payment service.

### **Changes in Branch Locations**

Amalgamated Bank's record of opening and relocating branch offices has improved the accessibility of its delivery systems, particularly in low- and moderate-income areas and to low- and moderate-income individuals.

In an effort to improve the accessibility of the bank's branching system to the working people and small businesses, 14 branches were opened between evaluations; 10 in New York and 4 in Las Vegas, Nevada. Of the new branches, two are located in low-, six in moderate-, three in middle-, and three in upper-income census tracts.

The bank relocated its headquarters in April 2011 to 275 Seventh Avenue in Manhattan, New York, from a nearby location. There were no branch closings since the previous evaluation.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

The products and services offered at branches are similar and do not vary in a way that inconveniences certain neighborhoods or residents of the assessment areas. Branch hours are considered convenient and comparable to other local financial institutions. General banking hours are 8:30 AM to 4:00 PM or 5:00 PM, Monday through Friday. Three of the four branches in Las Vegas are opened 10:30 AM to 6:00 PM. All but five branches offer Saturday hours. In addition, one branch in the Midwood section of Brooklyn offers Sunday hours. There is an ATM at each branch and two branches offer drive-through facilities.

### **Community Development Services**

The institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Amalgamated Bank provides a relatively high level of community development services. Services primarily involved participation by bank employees in local community development organizations, providing financial literacy training targeted to low- and moderate-income areas or individuals, and offering technical assistance to enable community development organizations achieve their goals. The following are examples of the bank's community development service efforts. Refer to the Service Test comments within each assessment area for detailed discussions of the bank's performance.

*Financial Literacy Education* - The bank's "Money Sense" financial literacy education program consists of 11 modules: Checkbook Management Basics, Credit, Debt Management, Earned Income Tax Credit (EITC), First Time Homebuyers, Goal Setting, ID Theft and Scams, Basic Banking, Personal Spending Plan, Savings and Investments, and Small Business Financing. Training session generally cover 3 to 4 of the program's 11 modules. Seminar locations, dates and times are publicized via a brochure and on the bank's website.

Examples of local organizations with which the bank worked to provide the training seminars include: the Midwood Development Corporation, Brooklyn, New York; the Orange Housing Authority in New Jersey; the Western Region Central Labor Council Community Services Conference in Las Vegas; New York City Neighborhoods, Bronx Works, Nevada Partners, Inc.; the Southern California Association of Nonprofit Housing, and local community colleges. The bank also held the seminars independently at their branches. A total of 122 financial literacy training/workshop courses were provided during the evaluation period. The seminars are free for both customers and non-customers.

*Board Directors and Committees* – The CRA Officer, Senior Vice President of Community Development, First Vice President of Community Development of New York, First Vice President of Community Development of West Coast, and several branch officers have been serving as Board members and/or committee members for various community development organization, affordable housing organizations, and business improvement districts.

*Second Chance Account* – This is an entry-level, savings and/or checking account with no minimum balance requirement. The account is geared to attract "unbanked" individuals to becoming active participants in the banking system.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.



## NEW YORK/NEW JERSEY MULTISTATE METROPOLITAN AREA

### ***CRA RATING FOR New York-Northern New Jersey-Long Island, NY-NJ MSA #35620:***

#### **Satisfactory**

***The Lending Test is rated: High Satisfactory***

***The Investment Test is rated: Low Satisfactory***

***The Service Test is rated: High Satisfactory***

### **SCOPE OF EXAMINATION:**

Amalgamated Bank's New York-New Jersey-Long Island, NY-NJ MSA #35620 – Multistate (NY/NJ assessment area) was reviewed independently using the Large Bank CRA evaluation procedures. Loans reported pursuant to HMDA and CRA data collection requirements for 2009 and 2010 were used in assessing the bank's performance. Community development activities conducted since the previous evaluation were also reviewed.

### **DESCRIPTION OF ASSESSMENT AREA**

The NY/NJ assessment area includes eight counties in New York and five counties in New Jersey. The assessment area is created using whole counties and does not arbitrarily exclude any low- or moderate-income census tracts. Within New York State, the counties include Bronx, Kings, New York, Queens, Richmond, Rockland, and Westchester, which are part of the New York-White Plains-Wayne, NY-NJ Metropolitan Division (MD) #35644. Also included in New York, is Nassau County that is part of the Nassau-Suffolk MD #35004. Within New Jersey State, the counties include Bergen, Hudson, and Passaic which are part of the New York-White Plains-Wayne, NY-NJ MD #35644. Also included in New Jersey are Essex and Union Counties, located within the Newark-Union, NJ-PA MD #35084. All these MDs listed are part of the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA #35620. This assessment area consists of 3,497 census tracts.

The U.S. Department of Housing and Urban Development (HUD) annually adjusts the median family income (MFI) figures. The MFIs for 2009 and 2010 are shown in Table 5.

<b>Table 5 – Metropolitan Division Median Family Income Figures (\$)</b>		
<b>Metropolitan Division</b>	<b>2009</b>	<b>2010</b>
35004 – Nassau, Suffolk, NY	101,800	103,600
35644 - New York, White Plains, Wayne, NY/NJ	64,800	65,600
35084 – Newark-Union, NJ-PA	88,400	88,800

*Source: 2000 U.S. Census, HUD annual adjusted MFI figures (2009 and 2010)*

## Demographic Information

Tables 6 and 7 display general demographic information relative to the NY/NJ assessment area according to 2000 U.S. Census data.

Table 6 – Assessment Area Demographics – NY/NJ Assessment Area						
Income Level	Number of Census Tracts	% of Census Tracts	Population	% of Population	Number of Families	% of Families
Low	419	12.0	1,644,019	11.9	377,633	11.2
Moderate	839	24.0	3,478,223	25.1	810,679	24.2
Middle	1,082	30.9	4,181,132	30.2	1,031,063	30.7
Upper	1,084	31.0	4,530,272	32.7	1,139,246	33.9
NA	73	2.1	17,704	0.1	0	0.0
<b>Total</b>	<b>3,497</b>	<b>100</b>	<b>13,851,350</b>	<b>100</b>	<b>3,358,621</b>	<b>100</b>

Source: 2000 U.S. Census

Table 7 - Selected Housing Characteristics by Income Category of the Geography									
Geographic Income Category	Percentage						Median		
	House-holds	Housing Units	Owner-Occupied	Rental Units	Multi Family	Vacant Units	Age*	Housing Value\$*	Gross Rent**
Low	10.6	10.8	2.2	16.8	18.2	16.0	44	154,666	488
Moderate	23.5	23.7	11.7	32.2	29.8	27.0	50	179,527	668
Middle	30.0	29.8	34.5	26.7	21.8	23.9	49	207,584	789
Upper	35.9	35.7	51.6	24.2	30.2	33.0	44	309,051	1,051
NA	0.0	0.0	0.0	0.0	0.0	0.1	0	0	929
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>46</b>	<b>262,306</b>	<b>762</b>

Source: 2000 U.S. Census, \* - Owner-Occupied Units, \*\* - Renter-Occupied Units

Based on 2000 U.S. Census data, 40.6 percent of the total housing units are owner-occupied, and 54.7 percent are rental units. By owner-occupancy housing units, 2.2, 11.7, 34.5 and 51.6 percent are located in low-, moderate-, middle-, and upper-income census tracts, respectively. These demographics suggest limited opportunities for owner-occupied 1-4 family residential real estate lending in low- and moderate-income census tracts. The assessment areas' high median home value further impedes 1-4 family mortgage loan opportunities within the assessment area.

The higher percentage of multi-family housing units in low- and moderate-income census tracts at 18.2 and 29.8 percent, respectively indicate ample opportunities relating to multi-family lending within these areas.

The individual counties composing the assessment area have varied credit needs, due to differences in housing stock composition. For example, a significant majority of housing in Essex, Nassau, Richmond, and Union Counties is 1-4 family, whereas Bronx, Kings, and New York Counties are characterized by a large number of multi-family dwellings. The remaining counties have a more balanced mix of housing units.

According to the June 30, 2010 FDIC's Summary of Deposits, 90 percent of the bank's total deposits were located in this assessment area. The June 2010 Peer Deposit Data indicated that Amalgamated Bank ranked 32<sup>nd</sup> in the NY/NJ assessment area in deposit market share among the 240 financial institutions operating within this area.

### Economic Information

According to Moody's Analytics website, [www.economy.com](http://www.economy.com), the NY/NJ economy is emerging from the recession at a slow and steady pace. Private sector hiring has increased, however losses in government jobs have hindered the area's overall job growth. The leisure/hospitality industry, along with education and healthcare, has contributed to most of the job growth since the recovery began. The area's unemployment rate was approximately 8.7 percent in 2009 and 8.8 percent in 2010. The comparable U.S. figures are 9.3 percent and 9.6 percent, respectively.

There is a high level of competition for loans, deposit and banking services within the bank's NY/NJ assessment area. The area is dominated by JP Morgan Chase, Bank of America, Citibank, and HSBC.

### Community Contact

A community contact was conducted as part of this evaluation. The contact, the president of a non-for-profit 501(c)3 organization that assists and advocates for the business community in Staten Island, stressed that small businesses have had difficulties obtaining any type of short and long-term financing due to the increase in regulatory banking restrictions. While the contact noted that outreach has not been an issue with the banks; it was noted that the southern portion of the borough appears to be under-banked, relative to the other areas.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW YORK/NEW JERSEY ASSESSMENT AREA

Amalgamated Bank operates 21 branches and 46 ATMs, representing 77.8 percent and 79.3 percent of the bank's total branches and ATMS, respectively, within this assessment area. Of these, one branch and one ATM are located in New Jersey. According to bank information, deposits in this assessment area totaled \$2.6 billion as of June 30, 2010 and loans totaled \$1.4 billion resulting in a LTDR of 55.3 percent. The level of deposits represents 90.0 percent of total deposits.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW YORK/NEW JERSEY ASSESSMENT AREA

### LENDING TEST

#### **Lending Activity**

The bank's lending performance in this assessment area is consistent with its overall performance, as the majority of the bank's operations are in this assessment area. The bank made 95, or 95 percent, of the 100 home mortgage, multi-family and small business loans made in the consolidation assessment areas during the period reviewed in the NY/NJ assessment area.

#### **Geographic Distribution**

The geographic distribution of loans reflects adequate penetration within this assessment area, given the bank's performance context.

#### 1-4 Family Lending

Table 8 illustrates the geographic distribution of 1-4 family loans, demographic and aggregate lending data are included for comparison purposes. Aggregate data for 2010 is not available.

Table 8 - Distribution of 1-4 family Loans by Income Category of the Geography									
Census Tract Income Level	% of Total Owner- Occupied Housing Units	Aggregate Lending Data (% of #)		2009		2010		Total	
		2009	2010	#	%	#	%	#	%
Low	2.2	2.6	N/A	0	0.0	0	0.0	0	0.0
Moderate	11.7	11.7	N/A	3	25.0	9	31.0	12	29.3
Middle	34.5	30.1	N/A	2	16.7	7	24.2	9	21.9
Upper	51.6	55.5	N/A	7	58.3	13	44.8	20	48.8
\$0/NA Income	0.0	0.1	N/A	0	0.0	0	0.0	0	0.0
<b>Total*</b>	<b>100</b>	<b>100</b>	<b>N/A</b>	<b>12</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>41</b>	<b>100</b>

Source: \*2000 U.S. Census Data, HMDA LARs (2009, 2010), HMDA Aggregate Data

While no loans were made in low-income census tracts during the period reviewed, assessment area demographics and aggregate lending performance suggest limited opportunities for 1-4 family lending in these tracts. It is noted that the bank made three and nine loans in moderate-income census tracts in 2009 and 2010, respectively. While the bank's performance compares favorably to demographic data, the percentages are somewhat skewed as the bank made a limited number of home mortgage loans overall, particularly in 2009. An analysis of the distribution of loans by dollar volume did not identify any anomalies.

### Multi-Family Lending

The geographic distribution of multi-family loans reflects good penetration throughout the assessment area, particularly during 2010. The distribution of multi-family housing loans is shown in Table 9, demographic and aggregate data is included for comparison purposes.

<b>Table 9- Distribution of Multi-Family Loans by Income Category of the Geography</b>									
<b>Census Tract Income Level</b>	<b>% of Multi- family Units</b>	<b>Aggregate Lending Data (% of #)</b>		<b>2009</b>		<b>2010</b>		<b>Total</b>	
		<b>2009</b>	<b>2010</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	18.2	12.3	N/A	0	0.0	13	40.6	13	33.3
Moderate	29.8	32.1	N/A	3	42.9	11	34.4	14	35.9
Middle	21.8	25.5	N/A	1	14.2	7	21.9	8	20.5
Upper	30.2	30.0	N/A	3	42.9	1	3.1	4	10.3
\$0/NA Income	0.0	0.1	N/A	0	0.0	0	0.0	0	0.0
<b>Total*</b>	100	<b>100</b>	<b>N/A</b>	<b>7</b>	<b>100</b>	<b>32</b>	<b>100</b>	<b>39</b>	<b>100</b>

Source: \*2000 U.S. Census Data, HMDA LARs (2009, 2010), HMDA Aggregate Data

While no multi-family loans were made in low-income census tracts in 2009; improvement is noted in 2010. Specifically, the bank made 13 loans, or 40.6 percent of multi-family housing loans made in 2010 in low-income census tracts. This level of lending compares favorably to demographic data which shows that 18.2 percent of the assessment area's multi-family units are in low-income census tracts. While the level of lending in moderate-income census tracts compares favorably to demographic and aggregate data in 2009, the percentages are skewed due to the limited number of multi-family loans made in 2009. The level of lending in moderate-income census tracts in 2010 compares favorably to demographic data. A separate analysis of the distribution by dollar volume did not identify any anomalies.

## Small Business Lending

The geographic distribution of the small business lending reflects adequate penetration of the assessment area, given the institution's performance context. Table 10 details the geographic distribution of small business loans. Demographic and available aggregate data is included for comparison purposes.

<b>Table 10 - Distribution of Small Business Loans by Income Category of the Geography</b>										
<b>Census Tract Income Level</b>	<b>% of Total Businesses (2009)</b>	<b>% of Total Businesses (2010)</b>	<b>Aggregate Lending Data (% of #)</b>		<b>2009</b>		<b>2010</b>		<b>Total</b>	
			<b>2009</b>	<b>2010</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	6.8	6.6	4.7	N/A	0	0.0	0	0.0	0	0.0
Moderate	17.1	16.7	13.7	N/A	2	50.0	4	36.4	6	40.0
Middle	27.4	27.4	26.7	N/A	0	0.0	2	18.2	2	13.3
Upper	47.9	48.5	54.3	N/A	2	50.0	5	45.4	7	46.7
\$0/NA Income	0.8	0.8	0.6	N/A	0	0.0	0	0.0	0	0.0
<b>Total*</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>N/A</b>	<b>4</b>	<b>100</b>	<b>11</b>	<b>100</b>	<b>15</b>	<b>100</b>

*Source: Internal Bank Records (2009, 2010), CRA Aggregate Data, Business Demographic Data*

As shown in Table 10, no small business loans were made in low-income census tracts during the period reviewed. This performance is somewhat mitigated by the low percentage of assessment area businesses located in these tracts. The bank's level of small business lending in moderate-income census tracts compares favorably to demographic data; however, the percentages are skewed as the bank made few small business loans during the period reviewed. An analysis of the distribution of loans by dollar volume did not identify any anomalies.

## **Borrower Profile**

Overall, the distribution of borrowers reflects adequate penetration among individuals of different income levels and businesses of different sizes, given the institution's performance context.

## 1-4 Family Lending

The borrower distribution of 1-4 family loans reflects adequate penetration throughout the assessment area, given the institution's performance context. The distribution of 1-4 family loans is shown in Table 11, demographic and aggregate data is included for comparison purposes.

Table 11 - Distribution of 1-4 Family Loans by Borrower Income									
Borrower Income Level	% of Total Families	Aggregate Lending Data (% of #)		2009		2010		Total	
		2009	2010	#	%	#	%	#	%
Low	11.2	1.8	N/A	0	0.0	0	0.0	0	0.0
Moderate	24.2	8.5	N/A	1	8.3	6	20.7	7	17.1
Middle	30.7	19.2	N/A	7	58.3	5	17.2	12	29.3
Upper	33.9	55.9	N/A	4	33.4	18	62.1	22	53.6
\$0/NA Income	0.0	14.6	N/A	0	0.0	0	0.0	0	0.0
<b>Total*</b>	<b>100</b>	<b>100</b>	<b>N/A</b>	<b>12</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>41</b>	<b>100</b>

Source: \*2000 U.S. Census Data, HMDA LARs (2009, 2010), HMDA Aggregate Data

As illustrated in Table 11, no loans were made to low-income borrowers and few loans were made to moderate-income borrowers during the period reviewed. As indicated previously, the assessment area's high median family home value suggests limited opportunities for lending to low- and moderate-income individuals and families. An analysis of the distribution of loans by dollar volume did not reveal any anomalies.

### Multi-Family Lending

Since borrower income information is not obtained or recorded for multi-family loans, this product was not evaluated.

### Small Business Lending

The dispersion of small business loans among businesses of varying sizes within this assessment area is adequate, given the institution's performance context. The following table details the distribution of small business loans by gross annual revenue (GAR) of the business.

Table 12 – Distribution of Small Business Loans by GAR of the Business										
Gross Annual Revenues (000s)	% Total Businesses 2009	% Total Businesses 2010	Aggregate Lending Data (% of #)		2009		2010		Total	
			2009	2010	#	%	#	%	#	%
≤ \$1,000	76.2	76.4	17.6	N/A	4	100.0	3	27.3	7	46.7
> \$1,000 or NA	23.8	23.6	82.4	N/A	0	0.0	8	72.7	8	53.3
Total*	100	100	100	N/A	4	100	11	100	15	100

Source: Internal Bank Records (2009, 2010), CRA Aggregate data, Business Demographic Data

While performance in 2009 compares favorably to demographic and aggregate data, similar to the geographic distribution of small business loans, the percentages are skewed as the bank made few small business loans during the period reviewed. A decrease in the percentage of loans made to businesses reporting GAR of \$1 million or less in 2010 is noted. An analysis of small business lending by dollar volume did not identify any anomalies.

## **Community Development Lending**

Amalgamated Bank is a leader in making community development loans within the NY/NJ assessment area. The bank extended or renewed 65 community development loans totaling \$207.2 million since the previous evaluation within this assessment area; representing 83.2 percent of the total \$248.9 million in community development loans made between evaluations.

A sample of community development loans qualified during the evaluation period within this assessment area is detailed below. The community development loans extended by the bank were not reportable as small business loans; therefore, the credit is eligible for consideration as meeting the standard of community development as defined within the CRA regulation.

### Economic Development

- In 2008, the bank acquired a \$20 million participation in a \$95 million construction loan which provided financing for the redevelopment of an existing six-story retail building into four levels of retail space and a new Class A 14-story office tower. The retail space is anchored by Sears, Best Buy, and Walgreens. The property is located in a Bronx Empowerment Zone. An “empowerment zone” is an economically distressed community that receives tax incentives and grants from the federal government. The property is located in a low-income census tract. It also promotes the economic development of the low-income area by providing additional job opportunities.
- In 2008, Amalgamated Bank originated two loans totaling \$4.0 million to an owner and operator of a moderate-income cooperative housing complex. The funds were used for capital improvements and construction projects. With 2,820 residential units, 26 commercial tenants and nine professional tenants, this complex is one of the largest cooperative housing complexes in Manhattan. The cooperative has partnered with the City of New York to receive tax abatements similar to Mitchell-Lama Housing Program. The cooperative also receives additional tax credit from the Senior Citizen Rent Increase Exemption (SCRIE) Program. The housing complex is supervised by the New York City Department of Housing Preservation and Development. The funding of this loan allowed the neighborhood to maintain and expand local employment opportunities.

### Affordable Housing

- In 2009, the bank originated a \$2.8 million loan to a not-for-profit organization which builds houses for low-income families within the five boroughs of New York City. This organization has built more than 180 homes in New York City and is also a leading advocate for affordable housing. The loan was used to acquire three separate vacant lots located in low-income tracts in Brooklyn from the City of New York and subsequently construct four buildings, each containing four condominium units. All units were sold to low-income buyers. In 2010, the bank originated another loan for \$1.3 million to this same not-for-profit organization for the construction of a low-income 12-unit condominium development in a low-income census tract in Brooklyn.



The not-for-profit organization entered into exclusive agreements with the State of New York Mortgage Agency (SONYMA) under which buyers of these homes are eligible to receive 99 percent financing at a 2 percent interest rate for a 30- or 40-year term for both projects.

- During the evaluation period, Amalgamated Bank originated 21 multi-family HMDA-reportable loans totaling \$74.8 million for properties located in low- and moderate-income census tracts within the assessment area. A sample review of the rents charged at these properties indicated that these properties provide affordable housing.

#### Revitalization and Stabilization

- In 2009, the bank purchased a \$3.0 million share of the \$30.0 million revolving credit facility with the Community Preservation Corporation (CPC). The CPC was incorporated in July 1974 as a private not-for-profit entity whose mission is to work with government agencies and communities to build and preserve neighborhoods and provide affordable housing. CPC achieves its objectives by making mortgage financing available in selected neighborhoods which are experiencing deterioration or disinvestment. This revolving credit facility is a new lending program geared toward making apartment buildings in New York and New Jersey more energy efficient. CPC's program provides a "one stop shop" for multifamily buildings to obtain financing for energy retrofitting, expert advice on measures to achieve greater efficiency, and assistance in accessing public and private subsidies to support the cost of making such improvements.
- In 2011, Amalgamated Bank originated a \$1.6 million term loan to a housing corporation which is a New York City supervised, Section 223(f) Mitchell-Lama cooperative located in a moderate-income census tract in the Bronx. The building consists of a 21-story building with 118-units. The loan is to address needed façade and balcony repair work.

#### Community Development Services

- In 2009, Amalgamated Bank originated a \$1.0 million line of credit to a non-profit corporation that provides social services throughout New York City. The mission of this non-profit corporation is to provide essential social services to low- and moderate-income individuals and families that include benefits enrollment assistance, career placement services, food network, home care, and housing assistance.
- In 2009, the bank originated a \$15.0 million line of credit to a not-for-profit charitable foundation. The foundation's mission is to support other community organizations that help local communities. These local community organizations in turn offer assistance to low-income people to create wealth and take control of their lives. The foundation makes grants to and investments in organizations engaged in wealth creating strategies for urban and rural communities by advancing home ownership; supporting enterprise development; and reducing the barriers to full participation in the economy.

## **Innovative or Flexible Lending Practices**

Amalgamated makes use of innovative and flexible lending products and practices in order to serve the assessment area's credit needs. The following summarizes these programs.

- **Housing Loan Program** - The bank's Housing Loan Program targets government supervised multi-family housing companies, which provide homes to low- and moderate-income families. The program is also available to housing developments and cooperatives that are not under direct government supervision. These programs are applicable only in the New York area. The objective of the program is to provide financial assistance in funding capital improvements, necessary repairs, and other operational needs at affordable costs to credit worthy borrowers. The bank provides the financing for these purposes at favorable rates and does not charge application fees, origination fees, points, or prepayment penalties. Fees charged by attorneys, appraisers, and others parties involved in the loan process are closely monitored to keep the costs of the loans at a minimum.

These loans could be secured or unsecured. Under the unsecured loan portion of the program, a tri-party agreement between the bank, the borrower, and the government agency is required. This agreement requires the participating government agency to keep the debt service for the term of the loan within the borrower's budget. This innovative program has enabled borrowers to meet their objectives by lowering their debt service costs through refinancing, which enables them to keep rents and carrying charges affordable. It has also enabled them to make necessary repairs to buildings and to update equipment. Since the prior evaluation, the bank funded 18 loans totaling \$13.4 million under this program.

- **Mitchell-Lama Housing Programs (MLHP)** – The MLHP was designed to accommodate the housing needs of moderate-income families. In exchange for low-interest mortgage loans and real property tax exemptions, limitations were set on profits, income limits on tenants, and require supervision by the Division of Housing and Community Renewal. The MLHP offers the following programs: the Housing Project Repair Program, which provides funds for physical maintenance; the Construction Defect Program, which provides funds to correct structural problems; the Empire Housing Fund Program, which provides interest-free financing for capital improvements; and the Involuntarily Displaced Families Program, which provides permanent housing in State-aided middle-income developments for homeless families. The bank funded nine loans totaling approximately \$16.0 million through the Mitchell-Lama Housing Program during the review period.
- **NYSERDA** - The bank continues its participation in this program, which offers reduced interest rate loans, up to 4.0 percent off the lenders regular interest rates, for energy-efficient improvements. Since the previous evaluation, 12 loans totaling \$7.2 million were made through this program.

- **MHANY Loans** – The MHANY Program is a diversified, nonprofit housing development corporation serving New York. MHANY’s mission is to create and sustain housing, revitalize neighborhoods and improve the quality of life for low- and moderate-income people in New York. The program is designed to provide mortgage financing to low-income, first-time homebuyers who may also be receiving assistance from a government sponsored housing agency. Some of the program features are: 125 percent or less of area’s median income if the property is not located in a low- or moderate-income or minority census tracts, non-traditional credit history could be taken into consideration, and the non-requirement of private mortgage insurance. During the review period, the bank originated three loans totaling \$1.1 million.
- **Small Business Express Loan** - This product is designed for small businesses and is available bank-wide. Businesses can qualify for acquisition of fixed assets or leasehold improvements loans between \$5,000 and \$25,000 without qualifying under the bank’s normal commercial credit criteria. The product has a more stream-lined application process and applicants generally experience a faster approval time. Loan requests under \$5,000 are considered as personal, unsecured loans. Two loans totaling \$16,814 were made under this program during the review period.

## **INVESTMENT TEST**

Amalgamated Bank has an adequate level of qualified community development investments and grants benefitting this assessment area. The bank made \$6.8 million in new qualified investments and grants in this assessment area during the evaluation period, consisting of \$6.3 million in investments and \$493,954 in grants and donations. Including \$6.9 million in prior investments still outstanding, investments and grants within this assessment area total \$13.7 million, of which \$13.2 million are funded and \$500,000 unfunded. Investments in this assessment area represent 55.0 percent of total qualified investments. Donations totaled \$493,954, representing 92.9 percent of the bank’s total qualified donations. Details on a few of the qualified investments made within this assessment area are listed below.

- The bank invested approximately \$6.3 million in two government agency mortgage-backed securities (MBS) collateralized by mortgages to low- or moderate-income borrowers during the period reviewed. A sample of the underlying mortgages indicated that the properties are located within the bank’s assessment area. These new investments are in addition to the MBSs purchased prior to the current evaluation which had an outstanding balance of \$118,694 as of June 30, 2011.
- As of the previous evaluation, the bank maintained \$14.0 million investment with the Access Capital Strategies Community Investment Fund, Inc. This organization invests in geographically specific debt securities located in portions of the U.S. designated by fund investors. The fund seeks to achieve its investment objective by investing primarily in debt securities designed to support underlying economic activities such as affordable housing, education, small business lending and job creating activities. Approximately \$4.6 million of the investment has been designated to the bank’s NY/NJ assessment area.

- The bank committed \$2.0 million to the CPC in 1999. The CPC provides mortgage financing in selected neighborhoods or for projects which are experiencing deterioration or disinvestment. The CPC accomplishes this goal by making construction and permanent mortgage loans to the private sector for the development and preservation of residential properties in low- to moderate-income areas of New York and New Jersey, with a concentration in the New York City area. Approximately \$1.5 million has been funded.
- In 2000, the bank committed a total of \$1.0 million to the Community Development Credit Union (CDCU). The CDCU serves low-income communities in order to assist in alleviating poverty and economic disenfranchisement in such communities. Approximately \$750,000 has been designated in credit unions located in the bank's NY/NJ assessment area.

### **Grants and Donations**

Amalgamated Bank's Community Development Grant Program is designed to make a difference in the lives of low- and moderate-income individuals and families. The program supports not-for-profit organizations that conduct community development activities in the bank's assessment areas. Amalgamated Bank utilizes the New York Regional Association of Grantmakers Common Application Form to accept grant requests. The form is available at branch locations and online. Community development grants are divided into three categories: Affordable Housing, Local Economies, and Workforce Development. Grants are accepted throughout the year and funded quarterly.

Amalgamated Bank donated \$255,500 to The Neighborhood Housing Services of New York City (NHS) during the period reviewed. The bank took a leadership role in providing the funding for the NHS City-wide Homeownership Center Union Program, which provides first-time homeownership opportunities to municipal employees (most of whom are of low- or moderate-income) located in New York City. The Affordable Housing Office was opened at the headquarters of District Council 37 (New York City's largest municipal public employee union) in Lower Manhattan to provide affordable housing, down payment assistance, homeownership counseling, and credit counseling to District Council 37 members and all municipal workers.

Examples of other organizations that benefited from the bank's Community Development Grant Program are listed below:

- Fresh Air Fund – Provides camp scholarships for low-income children from disadvantaged neighborhoods.
- Metropolitan Council on Jewish Poverty – Provides services to address poverty.
- Police Athletic League – Provides services and assistance to ensure at-risk youth obtain skills needed to complete high school and pursue a higher degree of education.
- Rainbow Push – Provides services to prison inmates and develops and participates in programs to benefit those in need.
- Bed Stuy Restoration Corporation – Revitalizes Bedford Stuyvesant and neighboring communities.

## **SERVICE TEST**

Amalgamated Bank provides a relatively high level of retail banking and community development services. Retail banking services are readily accessible to essentially all segments of its assessment area, including low- and moderate-income geographies. The bank has greatly improved its distribution of banking offices in the low- and moderate-income geographies since the last evaluation. Online and telephone banking systems, the ATM network, and the extended branch hours, have slightly increased the accessibility of bank products and services. Furthermore, the bank has organized and participated in workshops, expositions, and other programs that provide education and community development services to the residents of its assessment area, particularly the low- and moderate-income population.

### **Retail Banking Services**

#### **Accessibility of Delivery Systems**

Branches are accessible to essentially all segments of the institution's assessment area. Furthermore, the accessibility of the bank's products and services is enhanced by its alternative delivery systems. Table 13 illustrates the distribution of the bank's branches and ATMs by census tract income level.

<b>Table 13 - Distribution of Bank Offices by Income Category of the Census Tract</b>						
<b>Census Tract Income Category</b>	<b>Census Tracts in Assessment Area</b>		<b>Bank Offices by Tract Location</b>		<b>ATMs by Tract Location</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	419	12.0	2	9.5	4	8.7
Moderate	839	24.0	6	28.6	13	28.3
Middle	1,082	30.9	6	28.6	12	26.1
Upper	1,084	31.0	7	33.3	17	36.9
NA	73	2.1	0	0	0	0
<b>Total</b>	<b>3,497</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>46</b>	<b>100</b>

*Source: 2000 U.S. Census Data; CRA Public File*

As illustrated in Table 13, the distribution of branches and ATMs among low-income geographies within this assessment area is comparable to the assessment area demographic composition. Within the moderate-income geographies, the bank's distribution is considered good when compared to the demographic data.

## **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Bank services and business hours do not vary in a way that inconveniences portions of the bank's assessment area, particularly low- and moderate-income individuals.

Branch hours are considered convenient and comparable to other local financial institutions. Branch hours vary opening between 8:30 AM to 9:00 AM and closing between 4:00 PM to 4:30 PM. All branches except for two offers Saturday hours. One branch, located in Brooklyn, offers Sunday hours.

## **Alternative Delivery Systems**

Customers have 24-hour deposit account access through all ATMs except for the Seventh Ave. Branch ATM which is open between 8:30 AM and 4:00 PM, Monday to Friday. The alternative delivery systems offered by the bank as a whole are the same for this assessment area. For a detailed discussion of the bank's overall alternative delivery systems performance, please refer to the narrative provided earlier in this evaluation.

## **Changes in Branch Locations**

Amalgamated Bank's record of closing, opening and relocating branch offices has improved the accessibility of its delivery systems, particularly in low-income areas and to LMI individuals. Ten branches were opened in this assessment area since the previous evaluation. Of those, one is located in a low-, five in moderate-, three in middle-, and one in an upper-income census tract. The bank has not closed any branches in this assessment area since the previous evaluation.

## **Community Development Services**

Amalgamated Bank provides a relatively high level of community development services in this assessment area. The bank's activities largely involved financial literacy education and community development services to the residents of its assessment area, particularly the low- and moderate-income population. In addition, various members of the bank's staff offer their technical expertise through Board and committee memberships. The following are examples of the bank's recent efforts with respect to community development services:

- During the examination period, the bank provided 81 workshops related to the bank's Money Sense financial literacy program. These workshops were held at various neighborhoods or local non-profit organizations in low- and moderate-income geographies and primarily to low- and moderate-income area residents. A financial literacy session or workshop generally covers 3 to 4 of the 11 modules included in the bank's Money Sense program. The following illustrates some of these workshops:
  - A branch officer provided two Money Sense financial literacy training sessions to audiences in Orange, New Jersey, a low- and moderate-income area. The sessions were offered in conjunction with the City's Housing Authority for the Youth Builder Program

and the Recreational Activities for under privileged youth.

- The CRA Officer provided financial literacy training to a homeless service department staff in New York. This was a train the trainer session.
  - The bank provided Money Sense training to first-time home buyers, staff, and other audiences on four occasions in connection with a local neighborhood development corporation in the Midwood section of Brooklyn.
  - One bank officer provided three financial literacy trainings to audiences in connection with a food bank, a community court, and a business association for small business owners located in the west Midtown area of New York.
  - One branch officer provided two financial literacy trainings to a local community organization in Bronx and one to residents in Bronx held at the local NYPD Community Affairs Precinct.
  - One branch officer provided 11 financial literacy trainings. One such training was provided to a group of homeless and substance-abuse individuals in connection with a religious organization that seeks to stabilize the community. Other organizations included a local university, a religious organization in connection with neighborhood organizations and community council. These organizations are mostly located in low- and moderate-income areas.
  - One branch officer provided two financial literacy trainings to an organization in the Sunset Park area of Brooklyn. The mission of the organization is to help disadvantaged youth and adults recognize their own self-worth, and to advance towards self-sufficiency and financial security through job training, academic reinforcement, improved life skills, job placement, and support services. The organization is located in a moderate-income area.
- The bank's CRA Officer was involved in the following services:
    - Board member of a Business Improvement District (BID) in the Bedford Stuyvesant area of Brooklyn in 2010 and 2011. BIDs are New York City initiatives that seek to revitalize local areas by organizing local businesses into strong merchant associations in order to develop and improve shopping districts. They also provide communities with a number of services to enhance the local areas, including graffiti removal, street cleaning, and workshops on marketing and financial literacy. Funding for such projects is provided by the local businesses that make up the merchant association. Bedford Stuyvesant is an low- and moderate-income area.
    - Board member of One Debtor Education Coalition (Coalition) in the New York area in 2010 and 2011. The Officer also served as the Treasurer during that timeframe. The Coalition is a nonprofit organization dedicated to providing financial education to area individuals, including low- and moderate-income people as well as conducting train-the-trainer classes to social organizations working with low and moderate-income populations.
    - Chairman of the Committee on Financial Education of the Manhattan Borough President's Office in 2010 and 2011.
    - Member of the Evaluation Committee for Bank On Manhattan; Bank On Manhattan is an innovative program to attract "unbanked" residents in the area. The program allows

- people to open checking accounts with just \$25, have a minimum balance of \$0.01 and monthly fees ranging from zero to \$6.
- Board member, Treasurer, and Finance Committee Chair of NHS in New York City in 2010 and 2011. The mission of the organization is to revitalize underserved neighborhoods by creating and preserving affordable housing; providing homeownership education, and by providing financial assistance and community leadership.
- The bank’s Senior Vice President of Community Development was involved in the following services:
    - Board member for four local community development organizations in 2008 and four community organizations in 2009. The mission of these nonprofit organizations is related to business initiation, debtor education, revitalizing and stabilizing various boroughs of New York. One-on-one homeownership counseling to low- and moderate-income borrowers is also provided.
    - Board member of the Coalition in the New York area in 2010 and 2011.
    - Member of the planning committee for the Burnside Avenue BID in the Bronx area.
  - The bank’s First Vice President/Community Development Officer has been a Board member of a neighborhood community organization in Brooklyn since 2008 whose mission is to empower low- and moderate-income Brooklyn residents to secure quality housing and build financial assets.
  - Second Chance Account – This is an entry-level, savings and/or checking account with no minimum balance requirement. The account is geared to attract “unbanked” individuals to becoming active participants in the banking system. Among other criteria, accounts are only available to those who successfully complete the bank’s Money Sense core modules. Customers who successfully completed the course will receive up to a \$30 credit. Minimum balance to open and maintain the account is \$0.01. Since the last examination, 30 accounts with total deposits of \$17,806 were opened.



## WASHINGTON-ARLINGTON-ALEXANDRIA DC-VA-MD-WV MULTISTATE METROPOLITAN AREA

**CRA RATING FOR Washington-Arlington-Alexandria DC-VA-MD-WV MSA#47900 –**  
**Maryland and Virginia: Needs to Improve**  
**The Lending Test is rated: Needs to Improve**  
**The Investment Test is rated: Low Satisfactory**  
**The Service Test is rated: Needs to Improve**

### SCOPE OF EXAMINATION

Amalgamated Bank’s Washington-Arlington-Alexandria DC-VA-MD-WV Multistate Metropolitan Area (Washington, DC AA) was reviewed using the “Large Bank” CRA evaluation procedures. Loans reported pursuant to HMDA and CRA data collection requirements for 2009 and 2010 were used in assessing the bank’s performance; community development activities were also reviewed. Nominal weight is placed in this assessment area due to the insignificant presence of operations in this area in arriving at the institution’s overall rating.

### DESCRIPTION OF ASSESSMENT AREA

Amalgamated Bank’s Washington, DC AA, includes all of Washington, DC and Prince George’s, and Montgomery Counties in Maryland. This assessment area is part of the Washington-Arlington-Alexandria DC-VA-MD-WA Multistate MSA #47900. The assessment area has 548 census tracts of which 68 are low-, 176 are moderate-, 174 are middle-, 123 are upper-income, and 7 with no reported income. Table 14 details selected housing characteristics for this assessment area.

Table 14- Selected Housing Characteristics by Income Category of the Geography Washington, DC Assessment Area									
Geographic Income Category	Percentage						Median		
	Census Tracts	Families	Housing Units	Owner- Occupied	Rental Units	Vacant Units	Age*	Home Value*	Gross Rent**
Low	12.4	8.5	9.9	3.6	16.6	23.5	46	110,930	502
Moderate	32.1	30.5	32.4	22.8	45.1	38.1	41	132,947	723
Middle	31.7	36.2	33.5	42.0	23.0	22.9	28	163,632	892
Upper	22.5	24.8	24.2	31.6	15.3	15.5	32	331,988	1,031
NA	1.3	0.0	0.0	0.0	0.00	0.0	25	122,700	0
<b>Total or Median</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>33</b>	<b>206,857</b>	<b>769</b>

Source: 2000 US Census, \* - Owner-Occupied Units, \*\* - Renter-Occupied Units

The area's population totals approximately 2.2 million individuals, representing 541,511 families. Of the families in the assessment area, approximately 9.1 percent are below the poverty level. Moreover, approximately 29.3 percent of the populations in low-income tracts fall below the poverty level. Within the surrounding area, Washington, DC has the highest poverty rate (16.7%), followed by Maryland (6.1%). Of the total census tracts in the assessment area, 44.5 percent are low - or moderate-income tracts; most of these census tracts are located in the Washington, DC area.

According to Moody's Analytics, the Washington DC economy's federal government-sparked recovery remains in place, but is not yet accelerating. The public sector has, as expected, rebounded from its post-census dip; however, private firms have been treading water since mid-2010. Office-based jobs have gained ground, but consumer-related jobs have dropped. Professional and business services, as well as finance, have rebounded from mid-year lows. The federal government, a highly educated workforce, solid population trends, and infrastructure will enable the area to maintain above-average growth relative to its Northeast counterparts.

The HUD-adjusted MFI figures for this assessment area are shown in Table 15.

<b>Table 15 – Metropolitan Division Median Family Income Figures (\$)</b>		
<b>Metropolitan Division</b>	<b>2009</b>	<b>2010</b>
47894 Washington-Arlington-Alexandria, DC-VA-MD-WV	\$100,800	101,700
13644 Bethesda-Rockville-Frederick, MD	\$108,800	109,600

*Source: 2000 U.S. Census, HUD annual adjusted MFI figures (2009, 2010, 2011)*

A community contact, conducted in conjunction with a recent CRA performance evaluation of another financial institution was reviewed. The contact, who works with underserved communities in the Washington, DC area, indicated a need for small business loans, including start-up financing. The contact further indicated that financial seminars directed to current or future small business owners are needed.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN WASHINGTON, DC ASSESSMENT AREA**

Amalgamated Bank's operations in the Washington, DC AA are not considered significant. The bank operates one branch and five ATMs in this assessment area, representing 3.7 percent and 8.6 percent of the total number of branches and ATMs, respectively. According to bank information, deposits in this assessment area totaled \$203.5 million as of June 30, 2010, loans totaled \$41.6 million; the LTDR was calculated at 20.4 percent. Deposits in this assessment area represent approximately 7.1 percent of total bank deposits.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WASHINGTON, DC**

### **LENDING TEST**

#### **Lending Activity**

The bank has limited presence in this assessment area. Of the total residential real estate and small business loans originated, 3.0 percent were originated within this area. During 2009, no residential real estate or small business loans were made in this assessment area. During 2010, the bank originated two 1-4 family loans and one multi-family loan; no small business loans were made in the assessment area in 2010.

#### **Geographic Distribution of Lending**

The geographic distribution of lending in this assessment area is poor. The two 1-4 family loans were located in upper-income census tracts and the one multi-family loan was located in a middle-income census tract.

#### **Borrower Profile**

The borrower distribution of loans within this assessment area is poor. The two 1-4 family loans originated in 2010 were to upper-income borrowers. Since borrower income information is not obtained or recorded for multi-family loans, this product was not evaluated.

#### **Community Development Lending**

The bank made few community development loans in the Washington, DC assessment area. The bank extended one community development loan total \$2.5 million since it started to operate in this assessment area in 2008. The \$2.5 million represents 1.0 percent of the bank's total \$248.9 million outstanding community development loans. The qualified community development loan is detailed below.

- The bank originated a \$9.5 million mortgage loan to a developer for the construction of a housing development which contained 216 units in 2010. With the lack of affordable housing in this area, the township and the developer reached an agreement that 27 percent of the units were set aside for LMI tenants. Therefore, the bank received \$2.5 million community development credit for this loan.

### **Innovative or Flexible Lending Practices**

Amalgamated Bank did not make use of innovative or flexible loan products within this assessment area. While the Small Business Express Loan lending product is offered in this assessment area, no loans were made through this program.

### **INVESTMENT TEST**

The institution has an adequate level of investments and grants in this assessment area. During the evaluation period, investments and grants extended within this assessment area totaled approximately \$4.0 million; approximately \$1.0 million represents new money. Grants and donations totaling \$5,825 were made between evaluations. The \$4.0 million in total investments represents 16.0 percent of the bank's total qualified investments. Details of the specific qualified investments and grants and donations made in this assessment area are listed below.

- In 2010, the bank invested \$1.0 million in the Partners for the Common Good (PCG). The PCG offers Community Development Notes that pay investors a below-market rate of interest. The assets from the Community Development Note are placed as investments in Community-based organizations that facilitate provisions of low-income housing, economic development, and critical community services in distressed urban and rural communities in Washington, DC assessment area.
- During the previous evaluation, Amalgamated Bank invested \$14.0 million in the Access Capital Strategies Community Investment Fund, Inc. This organization invests in geographically specific debt securities located in portions of the U.S. designated by fund investors. The fund seeks to achieve its investment objective by investing primarily in debt securities designed to support underlying economic activities such as affordable housing, education, small business lending and job creating activities. Approximately, \$2.8 million of the investment has been allocated to the Washington, DC assessment area.
- In 2000, the bank committed a total of \$1.0 million to the Community Development Credit Unions (CDCU). The CDCU serves low-income communities in order to assist in alleviating poverty and economic disenfranchisement in such communities. Approximately \$150,000 has been designated in credit unions located in the bank's Washington, DC assessment area.

## Grants and Donations

In addition to its investments, Amalgamated Bank made \$5,825 in grants and donations to community organizations, such as, the Labor Council for Latin American Advancement and Manna that support community development initiatives throughout this assessment area.

## SERVICE TEST

Amalgamated Bank provides limited support to this assessment area. Retail banking services are accessible to limited portions of the institution's assessment area. The bank provides a limited level of community development services. No changes in branch locations have occurred since the previous evaluation. Branch hours are reasonable for the assessment area.

## Retail Banking Services

## Accessibility of Delivery Systems

Delivery systems are accessible to limited portions of the institution's Washington, DC AA. Table 16 illustrates the distribution of branches and ATMs by census tract income level within this assessment area.

Table 16 - Distribution of Bank Offices by Income Category of the Census Tract						
Census Tract Income Category	Census Tracts in Assessment Area		Bank Offices by Tract Location		ATMs by Tract Location	
	#	%	#	%	#	%
Low	68	12.4	0	0.0	0	0.0
Moderate	176	32.1	0	0.0	0	0.0
Middle	174	31.8	0	0.0	0	0.0
Upper	123	22.4	0	0.0	1	20.0
NA	7	1.3	1	100.0	4	80.0
<b>Total</b>	<b>548</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>5</b>	<b>100</b>

Source: 2000 U.S. Census Data; CRA Public File

As indicated in Table 16, the census tract income information for the branch in this assessment area is not available. The branch is located in downtown Washington, DC, near a mass transit station and close to a major roadway.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Bank services and business hours do not vary in a way that inconveniences portions of the bank's assessment area, particularly low- and moderate-income individuals. Branch hours are considered convenient and comparable to other local financial institutions. Banking hours for this only branch is 8:30 AM to 5:00 PM, Monday thru Friday. Please refer to the narrative provided earlier under the discussion of the bank's overall performance for details regarding Amalgamated Bank's services.

### **Alternative Delivery Systems**

The bank operates five ATMs within its assessment area, four are located on-site and one is located offsite in a union building in an upper-income census tract. Three are accessible 24-hour and two are accessible 8:30 AM to 5:00 PM, Monday thru Friday. The bank's alternative delivery systems are similar to the bank's overall performance which was detailed in the previous sections.

### **Changes in Branch Locations**

No branches were opened or closed since the previous evaluation.

### **Community Development Services**

Amalgamated Bank provides a limited level of community development services in this assessment area. Services are primarily concentrated on financial literacy workshops/trainings. During the review period, bank representative conducted seven seminars relating to the Money Sense financial literacy program.

## NEVADA

***CRA RATING FOR NEVADA: Needs To Improve***

***The Lending Test is rated: Needs To Improve***

***The Investment Test is rated: Needs To Improve***

***The Service Test is rated: High Satisfactory***

### SCOPE OF EXAMINATION:

Amalgamated Bank's Nevada assessment area was reviewed using the "Large Bank" CRA evaluation procedures. Loans reported pursuant to HMDA and CRA data collection requirements for 2009 and 2010 were used in assessing the bank's performance. In addition, all community development activities were reviewed. Less weight was placed on the bank's performance in Nevada when arriving at the overall rating due to its overall limited presence in this assessment area. Amalgamated Bank began operations in this assessment area in January 2008.

### DESCRIPTION OF NEVADA ASSESSMENT AREA:

The Nevada assessment area consists of Clark County, part of the Las Vegas-Paradise MSA #29820. According to 2000 U.S. Census data, the assessment area has 345 census tracts. Table 17 details selected demographic characteristics of the assessment area.

Table 17 - Selected Housing Characteristics by Income Category of the Geography - Nevada Assessment Area									
Geographic Income Category	Percentage						Median		
	Census Tracts	Families	Housing Units	Owner-Occupied	Rental Units	Vacant Units	Age*	Home Value*	Gross Rent**
Low	2.0	1.4	2.3	0.4	4.6	4.2	17	70,527	508
Moderate	22.6	24.5	28.0	16.3	43.7	32.6	23	92,715	630
Middle	42.6	42.7	41.9	44.6	38.9	37.8	14	128,201	790
Upper	31.6	31.4	27.8	38.7	12.8	24.7	7	176,572	967
NA	1.2	0.0	0.0	0.0	0.0	0.7	0	0	1,023
<b>Total or Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12</b>	<b>144,872</b>	<b>731</b>

Source: 2000 US Census, \* - Owner-Occupied Units, \*\* - Renter-Occupied Units

The HUD-adjusted MFI for the area is shown in Table 18.

<b>Table 18 – Metropolitan Division Median Family Income Figures (\$)</b>		
<i>Metropolitan Division</i>	<i>2009</i>	<i>2010</i>
29820 LAS VEGAS-PARADISE, NV	65,400	65,700

*Source: 2000 U.S. Census, HUD annual adjusted MFI figures (2009, 2010, 2011)*

### Economic Information

According to Moody's Analytics, the Las Vegas-Paradise recession is coming to an end, as the area is turning the corner ahead of Nevada's other metro areas. The area's employment picture is beginning to improve, as the unemployment rate fell below 14 percent in January 2011 for the first time in almost a year. Although some of the decrease is attributable to a smaller labor force, nonfarm employment increased on a year-over-year basis in March for the first time in more than three years. Glimmers of recovery are becoming even more evident within area construction employment, which appears to have finally found its bottom in the first quarter of 2011. As employment growth returns, population growth will pick up and foreclosure inventories will begin to diminish. Long term, the area still faces extreme swings in the business cycle because of its overdependence on construction and gaming. Cyclical volatility aside, the metro area will outpace the U.S. and Nevada over the long run.

### Community Contact

A community was conducted in this assessment area during the evaluation. The contact is a director from a local housing development organization. The contact noted that the depressed economic conditions and decreasing consumer loan demand particularly for 1-4 family loans and auto loans continue to impede the Las Vegas recovery. Despite these conditions, limited opportunities exist for local financial institutions to participate in the senior housing participation loans; the one area that continues to grow.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEVADA:**

According to information provided by the bank, the Nevada branches reported total deposits of \$2.9 million and total loans of \$26.9 million as of June 30, 2010, resulting in a LTDR ratio of 936.2 percent. The bank entered the Nevada market since the previous evaluation; currently operating four branches and five ATMs in this assessment area.



## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEVADA:**

### **LENDING TEST**

#### **Lending Activity**

During 2009 and 2010, Amalgamated Bank originated only one multi-family loan in this area. No 1-4 family or small business loans were made in this assessment area during the period reviewed.

#### **Geographic Distribution of Lending**

The geographic distribution of loans within this assessment area is poor. The one multi-family housing loan was originated in a moderate-income census tract

#### **Borrower Profile**

Since borrower income information is not collected for multi-family loans, an analysis of the borrower income was not conducted.

#### **Community Development Lending**

The bank made few community development loans in this assessment area. Since entering the Nevada market in 2008, the bank made one community development loan totaling \$1.0 million. This represents 0.4 percent of total outstanding community development loans. The community development loan is detailed below.

- In 2010, the bank participated with one \$1.0 million of a \$2.0 million mortgage loan with the Idaho Nevada Community Development Financial Institution (CDFI) to refinance the CDFI's share of a \$6.5 million construction loan which built a 77-unit senior housing rental complex. The project is income restricted (except for 11 market rate units) and represents the second phase of a senior housing complex.

#### **Innovative or Flexible Lending Practices**

Amalgamated Bank makes no use of innovative or flexible loan products within this assessment area. While the Small Business Express Loan product is available in this assessment area, no loans were made through this program during the evaluation period.

## **INVESTMENT TEST**

The institution has a poor level of investments and grants in this assessment area. No new qualified investments were made since the bank began operations in the Nevada assessment area. Prior period qualified investments totaled approximately \$2.9 million. Qualified grants and donations totaling \$23,700 were made during the period covered by the review. Investments represent 11.7 percent of the bank's total qualified investments and donations represents 4.5 percent of total qualified donations. The qualified investment is detailed below:

- As of the previous evaluation, Amalgamated Bank maintained \$14.0 million investment with the Access Capital Strategies Community Investment Fund, Inc. This organization invests in geographically specific debt securities located in portions of the U.S. designated by fund investors. The fund seeks to achieve its investment objective by investing primarily in debt securities designed to support underlying economic activities such as affordable housing, education, small business lending and job creating activities. Approximately, \$2.9 million of the investment has been allocated to the bank's Nevada assessment area.

### **Grants and Donations**

Amalgamated Bank made \$23,700 in grants and donations to community organizations, such as, the Consumer Credit Counseling Agency of Southern Nevada and United Way of Southern Nevada. The grants and donations supported the organizations' community development initiatives throughout the assessment area.

## **SERVICE TEST**

Amalgamated Bank provides a high level of support to its community. Retail banking services are readily accessible to all portions of the institution's assessment area. Business hours do not vary in a way that inconveniences certain portions of the assessment area. Through the online banking system and telephone banking system, the bank has increased the accessibility of its products and services. Furthermore, the bank has provided a relatively high level of community development services to the residents of the assessment area.

### **Retail Banking Services**

#### **Accessibility of Delivery Systems**

Bank branches are readily accessible to essentially all segments of the institution's assessment area. Furthermore, the accessibility of the bank's products and services is enhanced by its alternative delivery systems. Table 19 illustrates the distribution of the bank's branches and ATMs by census tract income level.

<b>Table 19 - Distribution of Bank Offices by Income Category of the Census Tract</b>						
<b>Census Tract Income Category</b>	<b>Census Tracts in Assessment Area</b>		<b>Bank Offices by Tract Location</b>		<b>ATMs by Tract Location</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	7	2.0	1	25.0	2	40.0
Moderate	78	22.6	1	25.0	1	20.0
Middle	147	42.6	0	0.0	0	0.0
Upper	109	31.6	2	50.0	2	40.0
NA	4	1.2	0	0.0	0	0.0
<b>Total</b>	<b>345</b>	<b>100</b>	<b>4</b>	<b>100</b>	<b>5</b>	<b>100</b>

*Source: 2000 U.S. Census Data*

Three of the four branches are located inside supermarkets in the moderate- and upper-income geographies which offered added convenience to residents of all income levels. In addition, the bank's distribution of ATMs among the low- and moderate-income geographies is similar to the branch distribution and is considered good.

### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Bank services and business hours do not vary in a way that inconveniences certain portions of the bank's assessment area, particularly low- and moderate-income individuals. Branch hours are considered convenient and comparable to other local financial institutions. Banking hours for three branches, which are located in supermarkets, are Monday thru Friday 10:30 AM to 6:00 PM and Saturday 10:00 AM to 2:00 PM. The other branch, located in a low-income geography, is open from 8:30 AM to 4:00 PM Monday thru Friday.

### **Alternative Delivery Systems**

The bank operates five ATMs of which one is located off-site. Customers have 24-hour access to two ATMs. The remaining three ATMs are located inside supermarkets and are accessible 6:00 AM to 2:00 AM, Monday to Saturday. The bank offers the same alternative delivery systems within this assessment area as its other assessment areas. Please refer to the narrative provided earlier in this evaluation under the discussion of the bank's overall performance for details regarding the bank's alternative delivery systems.

## **Changes in Branch Locations**

The bank opened three branches in January 2008 and one branch in December 2010 since it started operating in this assessment area. The bank has not closed any branches.

## **Community Development Services**

Amalgamated Bank provides a relatively high level of community development services in this assessment area. Activities in this area mainly involved financial literacy education and providing community development services to the low-and moderate-income population. Two bank officers offer technical expertise through Board and committee memberships. The following illustrate some of the bank's recent efforts in this area:

- During the examination period, the bank provided 26 workshops related to the bank's Money Sense financial literacy program which was discussed in detail previously. These seminars were primarily held at various neighborhoods or local non-profit organization in low- and moderate-income geographies and/or to low- and moderate-income persons within the bank's assessment area. The following are some of the examples:
  - The West Coast Business & Community Development officer conducted five financial literacy workshops to vocational training classes for low-wage apprentices from June to August 2010. The vocational training program was hosted by a community-based nonprofit organization in Nevada that provides individuals with employment and training services, using federal, state, local and private grant dollars. The officer also provided technical assistance for the Homeownership Program for low- and moderate-income homebuyers.
  - One Assistant Branch Manager conducted numerous financial literacy classes to the same nonprofit Apprentice Program organization in 2009. These seminars involved first-time homebuyer down payment assistance program and technical assistance with their HUD application.
- The bank's West Coast Business & Community Development Officer is involved in the following services:
  - Director for Consumer Credit Counseling Services. The organization is a non-profit organization that provides credit counseling to low- and moderate-income clients.
  - Chairman of the Real Estate/Housing Committee in Southern Nevada. Services provided include fiscal oversight and governance, and affordable housing technical assistance.
  - Board member of a non-profit micro-enterprise initiative organization in the Las Vegas area that provides small business training and micro-loans to owners of small business. Board of Directors meets quarterly.
  - Board member of a local nonprofit labor agency which provides emergency financial

resources to low- and moderate-income union families. The Board meets quarterly. Services provided included technical assistance as needed regarding grant writing, financial management, and strategic planning. This bank officer also served as the Treasurer until July 2010.

- Member of Executive Board, Board Director, and Chair of Real Estate Committee of a non-profit AIDS community organization which provides direct financial assistance to patients/family in Southern Nevada with emergency short-term needs and affordable housing. The affordable housing program is targeted to low- and moderate-income patients/families. One of the funding sources is from HUD's Housing Opportunities for Persons with Aids Program. The Board meets monthly and the Real Estate Committee meets quarterly.
- The West Coast Business & Community Development Officer has participated in the local Community Development Coalition since April 2008 to provide input and resources on revitalization plan for targeted low- and moderate-income area in North Las Vegas.
- Earned Income Tax Credit (EITC) – The bank supports this program which provides low-wage earners free tax preparation services and the possibility to qualify for the EITC. One bank officer partnered with a local United Labor Agency. The officer promoted the EITC program that provided free tax preparation service to low- and moderate-income members at the Volunteer Income Tax Assistance (VITA) site in the bank's assessment area from February to March in 2008. In addition, one assistant branch officer participated in the VITA and provided tax preparation services to individuals in several occasions in 2009.
- The West Coast Business & Community Development Officer was actively involved in the annual fund raising activity for a non-profit AIDS community organization which provides direct financial assistance with emergency short-term needs and affordable housing to patients/family in Southern Nevada.

## CALIFORNIA

***CRA RATING FOR CALIFORNIA: Needs To Improve***

***The Lending Test is rated: Needs to Improve***

***The Investment Test is rated: Low Satisfactory***

***The Service Test is rated: Needs To Improve***

### SCOPE OF EXAMINATION:

Amalgamated Bank's California assessment area was reviewed using the "Large Bank" CRA evaluation procedures. Loans reported pursuant to HMDA and CRA data collection requirements from 2009 and 2010 were used in assessing the bank's performance. In addition, all community development activities were reviewed. In arriving at the overall rating for the institution, nominal weight is placed on the State of California due to the bank's insignificant presence in this area.

### DESCRIPTION OF ASSESSMENT AREA:

Amalgamated Bank's California assessment area consists of Los Angeles County, part of the Los Angeles-Long Beach-Glendale, California MD #31084. According to 2000 U.S. Census data, the assessment area has 2,054 census tracts. Table 20 illustrates assessment area demographic.

Table 20 - Selected Housing Characteristics by Income Category of the Geography California Assessment Area									
Geographic Income Category	Percentage						Median		
	Census Tracts	Families	Housing Units	Owner- Occupied	Rental Units	Vacant Units	Age *	Home Value*	Gross Rent**
Low	8.7	7.1	7.1	1.9	11.8	12.0	42	146,135	514
Moderate	28.3	27.5	25.6	15.5	35.0	29.5	42	154,235	630
Middle	28.0	30.2	30.1	31.3	29.1	26.7	40	177,188	758
Upper	34.2	35.2	37.2	51.3	24.1	31.8	37	350,292	977
NA	0.8	0	0	0	0	0	0	0	538
<b>Total or Median</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>38</b>	<b>263,542</b>	<b>737</b>

Source: 2000 US Census, \* - Owner-Occupied Units, \*\* - Renter-Occupied Units

Los Angeles County has the highest population of any census-designated area in the U.S., with 9.5 million people. The county is widely diversified, with the minority population representing approximately 69.0 percent of the assessment area.

As shown in Table 20, 37.0 percent of total census tracts are low- or moderate-income, with the majority in moderate-income census tracts. Approximately 40.0 percent of the families residing in the assessment area are low- or moderate-income families. This level provides ample opportunity for the bank to provide services that meet the community development needs of the bank's assessment area. It is also noted that approximately 14.0 percent of the families in the bank's assessment areas are below the poverty level and thus would have difficulty qualifying for credit or homeownership. The composition of housing in low- and moderate-income census tracts reveals a higher level of rental units over owner-occupied housing units and is reflective of the high cost of housing. The median age of housing indicates a need for home equity loans for home repairs and other consumer credit needs.

The HUD-adjusted MFI figures for this assessment area are shown in Table 21.

<b>Table 21 – Metropolitan Division Median Family Income Figures (\$)</b>		
<b>Metropolitan Division</b>	<b>2009</b>	<b>2010</b>
31084 Los Angeles-Long Beach-Glendale, CA	62,100	63,000

*Source: 2000 U.S. Census, HUD annual adjusted MFI figures (2009, 2010, 2011)*

### Economic Information

According to Moody's Analytics, Los Angeles' recovery is weighed down by its labor market. Employment has been flat and the unemployment rate has been above 12 percent since the fourth quarter of 2009. Entertainment and tourism are among the few industries to add to payrolls in recent months. The housing market has slowed as home sales and prices began to weaken in the spring as temporary supports expired. The outlook for Los Angeles' economy is similar to its current position. Los Angeles' economic recovery will slow before strengthening and the unemployment rate will remain close to 12 percent through the end of next year. High costs and net domestic out-migration will dampen jobs and output growth over the long run, making Los Angeles a below-average performer.

### Community Contact

A community contact was not conducted as part of this CRA evaluation due to the bank's limited presence in this assessment area.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA:**

Amalgamated Bank maintains a minor presence within the State of California. The bank operates with one branch and two ATMs in this assessment area, which represents 3.7 and 3.4 percent of the total number of branches and ATMs, respectively. According to June 30, 2010 Summary of Deposits, the bank reported total deposits of \$78.7 million and total loans of \$170.5 million, resulting in a LTDR ratio of 216.5 percent. Approximately 2.8 percent of the total deposits are from this state.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA:**

### **LENDING TEST**

#### **Lending Activity**

During 2009 and 2010, only one multi-family loan was made in this assessment area. No 1-4 family or small business loans were made in this assessment area.

#### **Geographic Distribution of Lending**

The geographic distribution of loans within this assessment area is poor. The one multi-family housing loan was originated in a middle-income census tract

#### **Borrower Profile**

Since borrower income information is not obtained or recorded for multi-family, this performance evaluation component is not applicable.

#### **Community Development Lending**

The bank has made a relatively high level of community development loans in this assessment area. The bank extended or renewed four community development loans since the previous evaluation totaling almost \$38.2 million, or 15.4 percent of total outstanding community development loans. Examples of community development loans made during the evaluation period are detailed below.

- In 2010, the bank participated in a \$332.0 million mortgage credit line for \$12.0 million with the California Community Reinvestment Corporation (CCRC). The CCRC was incorporated in 1989 as a tax-exempt nonprofit organization to make loans for affordable low-income housing in the state of California. CCRC provides permanent long-term financing for affordable multi-family low-income housing projects. It also provides technical assistance to affordable housing project sponsors and assistance to government entities in achieving maximum leverage of public and private funds to increase the supply of available affordable housing.
- In 2008, Amalgamated Bank provided a \$12.3 million loan for the acquisition of a nursing and rehabilitation facility. The primary source of the repayment was from the proceeds of a term loan that was guaranteed by HUD. The nursing and rehabilitation facility has 218 beds. Approximately 75 percent of the nursing and rehabilitation facility's receipts are received from Medi-Cal, and Medicare. Medi-Cal is California's equivalent of Medicaid.



## **Innovative or Flexible Lending Practices**

Amalgamated Bank made no use of innovative or flexible loan products in this assessment area. While the bank offers the Small Business Express Loan lending product, no small business loans were made in this area during the evaluation period.

## **INVESTMENT TEST**

The institution has an adequate level of investments in this assessment area. During the evaluation period, investment and grants totaled \$4.3 million, representing 17.3 percent of total qualified investments and grants made during the evaluation period. Approximately \$500,000 or 11.6 percent was new money. Grants and donations totaled \$8,000, representing 1.5 percent of the bank's total qualified donations. Examples of qualified investments are listed below.

- In 2009 the bank purchased a \$500,000 investment in the California Community Reinvestment Corporation (CCRC). The CCRC specializes in programs for families and seniors, citizens with special needs and mixed-use developments by providing financing and technical assistance to facilitate the development of affordable housing. Servicing both southern and northern California, CCRC has worked with profit and non-profit developers to increase the supply of affordable housing and has provided both immediately funded loan programs for acquisition, intermediate programs that provide acquisition, rehabilitation and permanent mortgage for existing housing stock in need of repair, and forward commitment programs for planned new construction.
- During the previous evaluation, Amalgamated Bank funded \$14.0 million to the Access Capital Strategies Community Investment Fund, Inc. This organization invests in geographically specific debt securities located in portions of the United States designated by fund investors. The fund seeks to achieve its investment objective by investing primarily in debt securities designed to support underlying economic activities such as affordable housing, education, small business lending and job creating activities. Approximately, \$3.7 million of the investment has been allocated to the bank's California assessment area.
- In 2000, the bank committed a total of \$1.0 million to the CDCU. As indicated previously, the CDCU serves low-income communities in order to assist in alleviating poverty and economic disenfranchisement in such communities. Approximately \$100,000 has been designated in credit unions located in the bank's California assessment area.

## **Grants and Donations**

In addition to its investments, Amalgamated Bank disbursed \$8,000 in grants and donations to community organizations, such as, Los Angeles Neighborhood Housing Services and Emmanuel Housing that support community development initiatives throughout this assessment area.

## **SERVICE TEST**

Amalgamated Bank provides a limited support to its community. Retail banking services are accessible to limited portions of the institution's assessment area. The bank provides an adequate level of community development services.

### **Retail Banking Services**

#### **Accessibility of Delivery Systems**

The institution operates one full-service branch housing two ATMs within this assessment area. The distribution of the bank's branches in the assessment area is shown in Table 22.

<b>Table 22 – Distribution of Bank Offices by Income Category of the Census Tract</b>						
<b>Census Tract Income Category</b>	<b>Census Tracts in Assessment Area</b>		<b>Bank Offices by Tract Location</b>		<b>ATMs by Tract Location</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	179	8.7	0	0.0	0	0.0
Moderate	581	28.3	0	0.0	0	0.0
Middle	575	28.0	0	0.0	0	0.0
Upper	703	34.2	1	100.0	2	100.0
NA	16	0.8	0	0.0	0	0.0
<b>Total</b>	<b>2,054</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>2</b>	<b>100</b>

*Source: 2000 U.S. Census Data, CRA Public File*

The bank's only branch and two ATMs are located in Pasadena, in an upper-income census tract.

#### **Reasonableness of Business Hours and Services in Meeting Assessment Area Needs**

Bank services and business hours do not vary in a way that inconveniences portions of the bank's assessment area, particularly low- and moderate-income individuals. Branch hours are considered convenient and comparable to other local financial institutions. Banking hours for the bank's only branch is 8:30 AM to 5:00 PM, Monday to Friday.

## **Alternative Delivery Systems**

The bank operates two ATMs within its assessment area. Both ATMs are located on-site in an upper-income census tract and are accessible 24 hours. Please refer to the narrative provided earlier under the discussion of the bank's overall performance for details regarding Amalgamated Bank's services.

## **Changes in Branch Locations**

Since the last FDIC CRA evaluation, the bank has neither opened nor closed any offices within this assessment area.

## **Community Development Services**

Amalgamated Bank provides an adequate level of services in the California assessment area. The bank's activities in this area primarily involved financial literacy education and community development services to the residents of its assessment area, particularly the low-and moderate-income population. In addition, several members of the bank's staff offer their technical expertise through Board and committee memberships. The following summarizes some of the bank's recent efforts with respect to community development services:

- During the examination period, the bank provided eight workshop/trainings related to the bank's Money Sense financial literacy program. The free seminars were held at various neighborhood or local non-profit organizations targeted primarily to low- and moderate-income geographies and/or to low- and moderate-income persons within the bank's assessment area. Four such trainings were provided to a local homeless shelter and one to a youth financial summit in 2008.
- First Vice President of Business & Community Development of West Coast is involved in the following services:
  - Director in 2010 for a non-profit affordable housing organization in the Los Angeles County. The Officer provided technical assistance in financing the Baldwin Park Affordable Housing Project in 2010.
  - Board member of a Community Reinvestment Corporation in Glendale, which is involved in providing financing for low- and moderate-income affordable housing projects in California.
  - Board member of an association of non-profit housing trade organization in Southern California which provides resources and technical assistance to affordable housing developers in Southern California.
- One branch officer provided educational seminars to local small business owners regarding Elderly Financial Abuse, ID theft, Internet Scams, Bank Fraud, and small business financing. The Officer provided three such seminars in 2010 and 2011.

## APPENDIX A

### SCOPE OF EXAMINATION:

<b>AMALGAMATED BANK</b>
<b>SCOPE OF EXAMINATION:</b> Large Bank CRA examination procedures utilized.
<b>TIME PERIOD REVIEWED:</b> December 7, 2007 – July 19, 2011
<b>PRODUCTS REVIEWED:</b> 2009 and 2010 HMDA and Small Business lending; Community Development Loans, Qualified Investments, and Community Development Services – 12/07/2007 to 07//19/2011

<b>LIST OF AFFILIATES AND PRODUCTS REVIEWED</b>		
<b>AFFILIATE(S):</b>	<b>AFFILIATE RELATIONSHIP:</b>	<b>PRODUCTS REVIEWED:</b>
NA		

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA:</b>	<b>TYPE OF EXAMINATION:</b>	<b>BRANCHES VISITED:</b>	<b>OTHER INFORMATION:</b>
New York-Northern New Jersey-LI, NY-NJ- PA MSA MD #35620	Full-scope	One	NA
Washington-Arlington- Alexandria, DC-MD- VA-WV MD #47900	Full-scope	None	NA
Nevada	Full-scope	None	NA
California	Full-scope	None	NA

## APPENDIX B

SUMMARY OF STATE AND MULTISTATE MSA RATINGS				
STATE OR MULTISTATE MSA NAME:	LENDING TEST RATING:	INVESTMENT TEST RATING:	SERVICE TEST RATING:	OVERALL STATE RATING:
<b>New York-Northern New Jersey-LI, NY- NJ-PA MSA MD #35620</b>	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
<b>Washington-Arlington- Alexandria, DC-MD- VA-WV MD #47900</b>	Needs to Improve	Low Satisfactory	Needs to Improve	Needs to Improve
<b>Nevada</b>	Needs to Improve	Needs to Improve	High Satisfactory	Needs to Improve
<b>California</b>	Needs to Improve	Low Satisfactory	Needs to Improve	Needs to Improve

## APPENDIX C - GENERAL DEFINITIONS

### GEOGRAPHY TERMS

**Block:** Small areas bounded on all sides by visible features such as streets, roads, streams or rail road tracks, and invisible features like city or town boundaries or property lines. Blocks are subdivisions of census tracts or block numbering areas (BNA), and are assigned a unique three-digit number.

**Block Group:** Clusters of blocks within a census tract or BNA, having a four-digit number and a three-digit suffix. The four-digit number corresponds to the same number given to the census tract or BNA in which it is located.

**Block Numbering Areas (BNAs):** Statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

**Census Tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Metropolitan Area (MA):** One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

**Metropolitan Statistical Area (MSA):** One or more metropolitan areas that have economic and social ties.

**Primary Metropolitan Statistical Area (PMSA):** A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

**Consolidated Metropolitan Statistical Area (CMSA):** The larger area of which PMSAs are component parts.

**Non-Metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural

classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

**Rural Area:** Territories, populations and housing units that are not classified as urban.

## **HOUSING TERMS**

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

## **INCOME TERMS**

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**HUD Adjusted Income Data:** The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

## **OTHER TERMS**

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.



## APPENDIX D - INVESTMENT DEFINITIONS

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. The equity investments are subject to limits specified by the bank's regulator. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization. Any real estate ownership should generally be temporary, with ownership reverting to members or organizations in the community.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. They procure loans and investments that conventional financial institutions are unable to invest in, and they link financing to other developmental activities. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. CDFIs share a common mission and can be chartered as a credit union or bank. CDFIs can also be unregulated nonprofit institutions that gather private capital from a range of social investors for community development lending or investing. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, microenterprise funds, and community development venture capital funds. A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Low Income Housing Tax Credits:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis. Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

**Qualified Investments:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development to support the following endeavors: 1) affordable housing; 2) community services targeting low- and moderate-income individuals; 3) activities that promote economic development by financing small farms and small businesses; and 4) activities that revitalize or stabilize low- and moderate-income geographies.

## **APPENDIX E - STANDARD PE LANGUAGE**

### **LENDING TEST**

#### **Scope of Test**

The lending test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the volume of lending activity; 2) the proportion of lending within the assessment area(s); 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses (including farms) of different sizes; 5) the distribution of small business and small farm loans by loan amount at origination; 6) the volume of community development lending; and 7) the use of innovative or flexible lending practices. Performance under the lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

#### **Community Development Lending:**

##### **Performance Criteria**

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

#### **Innovative and Flexible Lending Practices:**

##### **Performance Criteria**

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: 1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

## **INVESTMENT TEST**

### **Scope of Test**

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test. The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

## **SERVICE TEST**

### **Scope of Test**

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.